

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

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RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Kirk Utesch	President	2015
Dawn McCrea	Vice President	2017
Deb Stevenson	Board Member	2017
Scott Knaack	Board Member	2015
Gaylen Goettsch	Board Member	2015

School Officials

Donita Joens	Superintendent
Kathy Fick	District Secretary
Cindy Dittmer	District Treasurer

Gary E. Horton CPA

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Independent Auditor's Report

To the Board of Education of
River Valley Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of River Valley Community School District, Correctionville, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of River Valley Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 10 to the financial statements, River Valley Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 41 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise River Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2016 on our consideration of River Valley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering River Valley Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

May 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

River Valley Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of River Valley Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report River Valley Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which River Valley Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the no major governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net Position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.

- **Private-Purpose Trust Fund.** The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-1

	Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
	\$	\$	\$	\$	\$	\$	%
Current and other assets	5,845,207	5,340,120	64,613	80,080	5,909,820	5,420,200	9%
Capital assets	5,931,783	6,170,303	40,465	35,918	5,972,248	6,206,221	-4%
Total assets	11,776,990	11,510,423	105,078	115,998	11,882,068	11,626,421	2%
Deferred outflow of resources	313,002	-	6,388	-	319,390	-	100%
Long-term liabilities	2,974,304	1,816,985	34,688	2,286	3,008,992	1,819,271	65%
Other liabilities	471,254	469,650	5,298	6,846	476,552	476,496	<1%
Total liabilities	3,445,558	2,286,635	39,986	9,132	3,485,544	2,295,767	52%
Deferred inflows of resources	3,089,170	2,513,871	16,174	2,996	3,105,344	2,516,867	23%
Net Position:							
Net investment in capital assets	4,651,783	4,470,303	40,465	35,918	4,692,248	4,506,221	4%
Restricted	1,875,410	1,320,063	-	-	1,875,410	1,320,063	42%
Unrestricted	(971,929)	919,551	14,841	67,952	(957,088)	987,503	-197%
TOTAL NET POSITION	5,555,264	6,709,917	55,306	103,870	5,610,570	6,813,787	-18%

The District's total net position decreased by 18%, or \$1,203,217, over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$555,347 or 42% over the prior year. The increase was primarily a result of increased revenues within the management and school infrastructure funds.

Unrestricted net position . the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased \$1,944,591, or 197%. This decrease in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,967,713 and \$40,157, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-2 shows the change in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-2

	Change in Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2015 \$	2014 (Not restated) \$	2015 \$	2014 (Not restated) \$	2015 \$	2014 (Not restated) \$	2014-2015 %
Revenues							
Program Revenues:							
Charges for services	608,362	585,767	120,338	124,561	728,700	710,328	3%
Operating grants & contributions	733,346	725,737	160,838	151,986	894,184	877,723	2%
Capital grants & contributions	-	-	-	-	-	-	
General Revenues:							
Property taxes	2,515,109	2,386,464	-	-	2,515,109	2,386,464	5%
Income surtax	237,033	255,506	-	-	237,033	255,506	-7%
Statewide sales, service & use tax	400,409	367,773	-	-	400,409	367,773	9%
Unrestricted state grants	1,504,971	1,583,319	-	-	1,504,971	1,583,319	-5%
Unrestricted investment earnings	1,136	944	103	101	1,239	1,045	19%
Other revenue	131,090	3,646	-	-	131,090	3,646	3,495%
Total Revenues	6,131,456	5,909,156	281,279	276,648	6,412,735	6,185,804	4%
Expenses:							
Instruction	3,339,315	3,368,880	-	-	3,339,315	3,368,880	-1%
Support services	1,463,947	1,454,602	-	-	1,463,947	1,454,602	1%
Non-instructional programs	1,768	4	289,686	273,536	291,454	273,540	7%
Other expenditures	513,366	579,070	-	-	513,366	579,070	-11%
Total expenses	5,318,396	5,402,556	289,686	273,536	5,608,082	5,676,092	-1%
CHANGE IN NET POSITION	813,060	506,600	(8,407)	3,112	804,653	509,712	58%
Net position beginning of year, as restated	4,742,204	6,203,317	63,713	100,758	4,805,917	6,304,075	-24%
Net position end of year	5,555,264	6,709,917	55,306	103,870	5,610,570	6,813,787	-18%

In fiscal year 2015 property tax and unrestricted state grants account for 63% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86% of the total expenses.

As shown in figure A-2, the District as a whole experienced a 4% increase in revenues and a 1% decrease in expenses. The increase in revenues is attributed primarily to additional property tax received and other revenues related to miscellaneous income. The decrease in expenditures is related to reduced spending primarily within the capital projects fund.

Governmental Activities

Revenues for governmental activities were \$6,131,456 and expenses were \$5,318,396. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

Business Type Activities

Revenues for business type activities were \$281,279 and expenses were \$289,686. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015, the District increased meal prices per state lunch guidelines and also offered a summer breakfast/lunch program thus showing an increase in revenues and with negotiated salaries and benefits and increased food and equipment costs the District did have to use reserve funds.

INDIVIDUAL FUND ANALYSIS

As previously noted, River Valley Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,658,605, well above last year's ending fund balances of \$2,137,749. However, the primary reason for the increase in combined fund balances in fiscal 2015 is due to an increase in management fund cash balance and increase in revenue within school infrastructure. The District continued to levy property tax for the management fund which resulted in increase in cash with expenditures staying similar to previous year. The increase within the Capital Projects fund, school infrastructure was a result of less expenditures thus increasing fund balance.

Governmental Fund Highlights

- The General Fund balance decreased from \$1,075,011 to \$1,074,267. The decrease in General Fund balance is a result of increase in salaries and benefits payable.
- The Capital Projects Fund balance increased due to increase in cash directly related to substantial decrease in expenditures. The District ended the 2015 year with an increase in fund balance of \$316,034. The District did not take on any substantial projects during 2014-2015 fiscal year.
- The Debt Service Fund balance decreased by \$7,632 during fiscal year 2015. The District continues to see the savings from refinancing of bonds from the previous year. The District's bonds will be paid in full in June of 2018.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$63,713 (restated) at June 30, 2014 to \$55,306 at June 30, 2015, representing a decrease of approximately 13%. The District increased meal prices per state lunch guidelines and also offered a summer breakfast/lunch program however the increase in salaries and benefits resulted in a decrease in the net position of \$8,407 causing the District to access reserve funds. However, the District also reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

The District's receipts were \$140,807 more than budgeted receipts. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$6 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-3) This represents a net decrease of 4% from last year. More

detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$274,485.

Figure A-3

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
	\$	\$	\$	\$	\$	\$	%
Land	19,689	19,689	-	-	19,689	19,689	-
Construction in progress	-	-	-	-	-	-	-
Buildings	5,373,342	5,525,890	-	-	5,373,342	5,525,890	-3%
Improvements	179,198	206,847	-	-	179,198	206,847	-13%
Equipment & furniture	359,554	417,877	40,465	35,918	400,019	453,795	-12%
TOTAL	5,931,783	6,170,303	40,465	35,918	5,972,248	6,206,221	-4%

Long-Term Debt

At June 30, 2015 the District had \$2,995,842 in general obligation bonds and other long-term debt outstanding. This represents a decrease of 26% from last year. (See Figure A-4) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

The District continues to carry a bond rating of A+ assigned by national rating agencies to the District's debt since 2012.

The constitution of the State of Iowa limits the amount of debt school districts can issue to 5% of the assessed value of all taxable property within the district. The District's outstanding bonded and note indebtedness is significantly below its constitutional debt limit of approximately \$8,042,053.

Figure A-4

Outstanding Long-Term Obligations

	Total School District		Percentage Change
	2015	2014	2014-2015
	\$	\$	%
Governmental activities:			
General obligation bonds	1,280,000	1,700,000	-25%
Net pension liability	1,556,512	2,197,052	-29%
Net OPEB liability	124,641	97,258	28%
	<u>2,961,153</u>	<u>3,994,310</u>	<u>-26%</u>
Business type activities:			
Net pension liability	31,766	44,837	-29%
Net OPEB liability	2,923	2,286	28%
	<u>34,689</u>	<u>47,123</u>	<u>-26%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The outlook for our District, in reference to rising property valuations, will result in a 4% increase for the 2015-2016 school year.
- School financing is highly dependent upon student enrollment. The District's October 2015 enrollment increased by 15 students. The increase in revenue is \$120,063.
- The ratio of open enrolled in students vs. open enrolled out students is a serious concern to the district.
- The District was able to hold its own for the 2014-2015 funding years. The continued increase in property tax valuations and state funding sources helps with district funding. The District is very effective when staff vacancies arrive to either modify the position or utilized current staff resulting in savings of salaries and benefits. The District must continue to exhibit sound financial decisions that prepare the District for unknown roadblocks.
- The District continues to reap savings from the refinancing of bonds with less interest paid on debt. The current bond obligation will be paid in full in June, 2018.
- Fiscal year 2015 is the second year of a two-year contract with the River Valley Community Schools Education Association. Settlement in excess of new money or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The District continues to be proactive in relations to technology. This has allowed the district to become very competitive with surrounding school districts and we strive to continue to offer the very best possible educational opportunities to the students of River Valley Community Schools
- The District continues to be proactive with upkeep of facilities, grounds and maintenance.
- This District will have a major decision in the upcoming years in relationship to the four portable buildings that are currently housing our 5th and 6th grade students in Washta. The buildings are in need of major repairs and need to be handicapped accessible in the very near future. The decision facing the Board will be where to build four new classrooms and the various options of financing this project.
- The District remains to be very solvent as it continues to struggle with student enrollment, uncertainty of state financing, curriculum demands placed on district from the Department of Education and replacement of portable classrooms. The patrons of the District are fortunate that they have Board Members who hold the structure of the River Valley School District very near and dear to their hearts. The future is about educating River Valley students to be lifelong learners.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cynthia Dittmer, District Secretary/Treasurer and Business Manager, River Valley Community School District, 916 Hackberry Street, Correctionville, IA 51016.

BASIC FINANCIAL STATEMENTS

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	2,938,210	60,538	2,998,748
Receivables:			
Property tax:			
Delinquent	32,751	-	32,751
Succeeding year	2,495,560	-	2,495,560
Accounts	7,522	65	7,587
Due from other governments	357,395	-	357,395
Inventories	-	4,010	4,010
Unamortized bond issue costs	13,769	-	13,769
Capital assets, net of accumulated depreciation	5,931,783	40,465	5,972,248
Total assets	11,776,990	105,078	11,882,068
Deferred Outflows of Resources			
Pension related deferred outflows	313,002	6,388	319,390
Liabilities			
Accounts payable	47,252	5,181	52,433
Salaries and benefits payable	422,826	117	422,943
Accrued interest payable	1,176	-	1,176
Long-term liabilities:			
Unamortized bond premium	13,151	-	13,151
Portion due within one year:			
General obligation bonds payable	420,000	-	420,000
Portion due after one year:			
General obligation bonds payable	860,000	-	860,000
Net pension liability	1,556,512	31,765	1,588,277
Net OPEB liability	124,641	2,923	127,564
Total liabilities	3,445,558	39,986	3,485,544
Deferred Inflows of Resources			
Unavailable property tax revenue	2,495,560	-	2,495,560
Pension related deferred inflows	593,610	12,114	605,724
Other	-	4,060	4,060
Total deferred inflows of resources	3,089,170	16,174	3,105,344

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net position			
Net investment in capital assets	4,651,783	40,465	4,692,248
Restricted for:			
Categorical funding	292,248	-	292,248
Management levy	410,031	-	410,031
Physical plant and equipment levy	37,091	-	37,091
Student activities	39,576	-	39,576
School infrastructure	1,090,064	-	1,090,064
Debt service	6,400	-	6,400
Unrestricted	(971,929)	14,841	(957,088)
Total net position	<u>5,555,264</u>	<u>55,306</u>	<u>5,610,570</u>

RIVER VALLY COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants,</u>
		<u>Services</u>	<u>Grants,</u>	<u>Contributions</u>
			<u>and Restricted</u>	<u>and Restricted</u>
			<u>Interest</u>	<u>Interest</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Governmental activities:				
Instruction:				
Regular	2,117,555	341,646	456,230	-
Special	669,351	126,462	20,552	-
Other	552,409	140,243	85,273	-
	<u>3,339,315</u>	<u>608,351</u>	<u>562,055</u>	<u>-</u>
Support services:				
Student	101,012	-	-	-
Instructional staff	134,823	-	-	-
Administration	496,940	-	-	-
Operation and maintenance of plant	454,098	11	-	-
Transportation	277,074	-	460	-
	<u>1,463,947</u>	<u>11</u>	<u>460</u>	<u>-</u>
Non-instructional programs	<u>1,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	146,841	-	-	-
Long-term debt interest	17,305	-	-	-
AEA flowthrough	170,831	-	170,831	-
Depreciation (unallocated)*	178,389	-	-	-
	<u>513,366</u>	<u>-</u>	<u>170,831</u>	<u>-</u>
Total governmental activities	<u>5,318,396</u>	<u>608,362</u>	<u>733,346</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	<u>289,686</u>	<u>120,338</u>	<u>160,838</u>	<u>-</u>
Total	<u>5,608,082</u>	<u>728,700</u>	<u>894,184</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net position

Net position beginning of year, as restated

Net position end of year

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,319,679)	-	(1,319,679)
(522,337)	-	(522,337)
(326,893)	-	(326,893)
<u>(2,168,909)</u>	<u>-</u>	<u>(2,168,909)</u>
(101,012)	-	(101,012)
(134,823)	-	(134,823)
(496,940)	-	(496,940)
(454,087)	-	(454,087)
(276,614)	-	(276,614)
<u>(1,463,476)</u>	<u>-</u>	<u>(1,463,476)</u>
<u>(1,768)</u>	<u>-</u>	<u>(1,768)</u>
(146,841)	-	(146,841)
(17,305)	-	(17,305)
-	-	-
<u>(178,389)</u>	<u>-</u>	<u>(178,389)</u>
<u>(342,535)</u>	<u>-</u>	<u>(342,535)</u>
<u>(3,976,688)</u>	<u>-</u>	<u>(3,976,688)</u>
-	(8,510)	(8,510)
<u>(3,976,688)</u>	<u>(8,510)</u>	<u>(3,985,198)</u>
2,022,221	-	2,022,221
429,652	-	429,652
63,236	-	63,236
237,033	-	237,033
400,409	-	400,409
1,504,971	-	1,504,971
1,136	103	1,239
<u>131,090</u>	<u>-</u>	<u>131,090</u>
<u>4,789,748</u>	<u>103</u>	<u>4,789,851</u>
813,060	(8,407)	804,653
<u>4,742,204</u>	<u>63,713</u>	<u>4,805,917</u>
<u>5,555,264</u>	<u>55,306</u>	<u>5,610,570</u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Assets					
Cash, cash equivalents and pooled investments	1,422,117	1,892	1,064,260	449,941	2,938,210
Receivables:					
Property tax:					
Delinquent	22,532	5,684	820	3,715	32,751
Succeeding year	1,696,260	434,610	64,690	300,000	2,495,560
Accounts	7,522	-	-	-	7,522
Due from other governments	295,320	-	62,075	-	357,395
Total assets	3,443,751	442,186	1,191,845	753,656	5,831,438
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	43,203	-	-	4,049	47,252
Salaries and benefits payable	422,826	-	-	-	422,826
Total liabilities	466,029	-	-	4,049	470,078
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,696,260	434,610	64,690	300,000	2,495,560
Income surtax	207,195	-	-	-	207,195
Total deferred inflows of resources	1,903,455	434,610	64,690	300,000	2,702,755
Fund balances:					
Restricted for:					
Categorical funding	292,248	-	-	-	292,248
Debt service	-	7,576	-	-	7,576
Management levy	-	-	-	410,031	410,031
Student activities	-	-	-	39,576	39,576
School infrastructure	-	-	1,090,064	-	1,090,064
Physical plant and equipment	-	-	37,091	-	37,091
Unassigned	782,019	-	-	-	782,019
Total fund balances	1,074,267	7,576	1,127,155	449,607	2,658,605
Total liabilities, deferred inflows of resources and fund balances	3,443,751	442,186	1,191,845	753,656	5,831,438

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

		\$	
Total fund balances of governmental funds (Exhibit C)			2,658,605
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			5,931,783
Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.			207,195
Bond issue costs are an expense when incurred in the governmental funds, but are capitalized and amortized for the life of the bonds for the government-wide financial statements.			13,769
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.			(1,176)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	313,002		
Deferred inflows of resources	<u>(593,610)</u>		(280,608)
Long-term liabilities, including bonds payable, bond premium, termination benefits, compensated absences, other postemployment benefits payable and net pension liability, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.			<u>(2,974,304)</u>
Net position of governmental activities (Exhibit A)			<u><u>5,555,264</u></u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,958,452	429,652	63,236	293,225	2,744,565
Tuition	381,420	-	-	-	381,420
Other	117,118	53	245	110,662	228,078
State sources	2,088,452	213	400,440	139	2,489,244
Federal sources	149,482	-	-	-	149,482
Total revenues	<u>4,694,924</u>	<u>429,918</u>	<u>463,921</u>	<u>404,026</u>	<u>5,992,789</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,091,579	-	-	-	2,091,579
Special	666,167	-	-	-	666,167
Other	442,369	-	-	108,130	550,499
	<u>3,200,115</u>	<u>-</u>	<u>-</u>	<u>108,130</u>	<u>3,308,245</u>
Support services:					
Student	97,445	-	-	-	97,445
Instructional staff	133,549	-	-	-	133,549
Administration	502,156	-	-	150	502,306
Operation and maintenance of plant	377,077	-	1,046	71,376	449,499
Transportation	228,919	-	-	11,172	240,091
	<u>1,339,146</u>	<u>-</u>	<u>1,046</u>	<u>82,698</u>	<u>1,422,890</u>
Non-instructional programs	<u>1,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768</u>
Other expenditures:					
Facilities acquisition	-	-	146,841	-	146,841
Long-term debt:					
Principal	-	420,000	-	-	420,000
Interest and fiscal charges	-	17,550	-	-	17,550
AEA flowthrough	170,831	-	-	-	170,831
	<u>170,831</u>	<u>437,550</u>	<u>146,841</u>	<u>-</u>	<u>755,222</u>
Total expenditures	<u>4,711,860</u>	<u>437,550</u>	<u>147,887</u>	<u>190,828</u>	<u>5,488,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,936)</u>	<u>(7,632)</u>	<u>316,034</u>	<u>213,198</u>	<u>504,664</u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Compensation for loss of fixed assets	16,192	-	-	-	16,192
Change in fund balances	(744)	(7,632)	316,034	213,198	520,856
Fund balances beginning of year	1,075,011	15,208	811,121	236,409	2,137,749
Fund balances end of year	<u>1,074,267</u>	<u>7,576</u>	<u>1,127,155</u>	<u>449,607</u>	<u>2,658,605</u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2015

	\$	\$
Change in fund balances - total governmental funds (Exhibit E)		520,856
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:		
Loss on disposal of assets	(15,387)	
Expenditures for capital assets	45,316	
Depreciation expense	<u>(268,449)</u>	(238,520)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		7,577
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		420,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		245
The current year District's employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		243,361
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Pension expense	(112,769)	
Other postemployment benefits	<u>(27,383)</u>	(140,152)
Bond issue costs are reported as expenses in the fund financial statements when incurred, but are capitalized and amortized over the life of the bonds for the government-wide financial statements.		(6,884)
Bond premiums are reported as revenue in the governmental fund financial statements when incurred, but are amortized over the life of the bonds in the government-wide financial statements.		<u>6,577</u>
Changes in net Position of governmental activities (Exhibit B)		<u><u>813,060</u></u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund

June 30, 2015

	Enterprise Fund Nonmajor School Nutrition \$
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	60,538
Accounts receivable	65
Inventories	4,010
Total current assets	<u>64,613</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>40,465</u>
Total assets	<u>105,078</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>6,714</u>
Liabilities	
Current liabilities:	
Accounts payable	5,181
Salaries and benefits payable	117
Deferred revenue	4,060
Total current liabilities	<u>9,358</u>
Noncurrent liabilities:	
Net pension liability	31,765
Net OPEB liability	2,923
Total noncurrent liabilities	<u>34,688</u>
Total liabilities	<u>44,046</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>12,440</u>
Net position	
Investment in capital assets	40,465
Unrestricted	14,841
Total net position	<u><u>55,306</u></u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

	Enterprise Fund Nonmajor School Nutrition \$
Operating revenues:	
Local sources:	
Charges for service	120,338
Operating expenses:	
Non-instructional programs:	
Salaries	64,301
Benefits	17,903
Supplies	187,969
Depreciation	6,036
Other	13,477
Total operating expenses	289,686
Operating income (loss)	(169,348)
Non-operating revenues:	
State sources	2,264
Federal sources	158,574
Interest income	103
Total non-operating revenues	160,941
Change in net position	(8,407)
Net position beginning of year (restated)	63,713
Net position end of year	55,306

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

	Enterprise Fund
	Nonmajor School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	121,431
Cash paid to employees for services	(84,369)
Cash paid to suppliers for goods or services	(186,291)
Net cash used by operating activities	<u>(149,229)</u>
Cash flows from non-capital financing activities:	
State grants received	2,264
Federal grants received	144,538
Net cash provided by non-capital financing activities	<u>146,802</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(12,868)</u>
Cash flows from investing activities:	
Interest on investments	<u>103</u>
Net increase (decrease) in cash and cash equivalents	(15,192)
Cash and cash equivalents at beginning of year	<u>75,730</u>
Cash and cash equivalents at end of year	<u><u>60,538</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(169,348)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	14,036
Depreciation	8,321
Decrease (increase) in inventories	246
Decrease (increase) in accounts receivable	29
(Decrease) increase in accounts payable	(1,412)
(Decrease) increase in salaries and benefits payable	(136)
(Decrease) increase in deferred revenue	1,064
Decrease in net pension liability	(13,072)
Increase in deferred outflows of resources	(2,034)
Increase in deferred inflows of resources	12,440
(Decrease) increase in other postemployment benefits	637
Net cash used by operating activities	<u><u>(149,229)</u></u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$14,036 of federal commodities.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Fund

June 30, 2015

Private
Purpose
Trust
Scholarship

\$

Assets

Cash, cash equivalents and pooled investments

160,591

Liabilities -**Net Position**

Reserved for scholarships

160,591

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Fund

Year ended June 30, 2015

	Private Purpose Trust Scholarship <u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	750
Interest	<u>450</u>
Total additions	<u>1,200</u>
Deductions:	
Support services:	
Scholarships awarded	<u>2,500</u>
Change in net position	(1,300)
Net position beginning of year	<u>161,891</u>
Net position end of year	<u><u>160,591</u></u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

River Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Correctionville, Washta, Cushing and Quimby, Iowa and the predominately agricultural territory in a portion of Woodbury, Cherokee and Ida Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, River Valley Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) The potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The River Valley Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the

District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	3,000
Improvements other than buildings	3,000
Intangibles	30,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	3-20 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resource (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Revenue . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amount budgeted.

2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which are valued at an amortized cost of \$2,142,469 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

3. **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year, as Restated \$	Increases \$	Decreases \$	Balance End of Year \$
Governmental activities:				
Capital assets not being depreciated:				
Land	19,689	-	-	19,689
Capital assets being depreciated:				
Buildings	7,685,818	-	-	7,685,818
Improvements other than buildings	524,056	-	7,231	516,825
Furniture and equipment	1,758,292	45,316	103,710	1,699,898
Total capital assets being deprec.	9,968,166	45,316	110,941	9,902,541
Less accumulated depreciation for:				
Buildings	2,159,928	152,548	-	2,312,476
Improvements other than buildings	317,209	25,841	5,423	337,627
Furniture and equipment	1,340,415	90,060	90,131	1,340,344
Total accumulated depreciation	3,817,552	268,449	95,554	3,990,447
Total capital assets being depreciated, net	6,150,614	(223,133)	15,387	5,912,094
Governmental activities capital assets, net	6,170,303	(223,133)	15,387	5,931,783

Business type activities:

Furniture and equipment	232,783	12,868	-	245,651
Less accumulated depreciation	<u>196,865</u>	<u>6,036</u>	<u>(2,285)</u>	<u>205,186</u>
Business type activities capital assets, net	<u>35,918</u>	<u>6,832</u>	<u>2,285</u>	<u>40,465</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	43,228
Other	-
Support services:	
Student support	2,930
Administration	5,504
Operation and maintenance of plant services	2,052
Transportation	<u>36,346</u>
	90,060
Unallocated depreciation	<u>178,389</u>
Total depreciation expense - governmental activities	<u>268,449</u>
Business type activities:	
Food service	<u>6,036</u>

4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	1,700,000	-	420,000	1,280,000	420,000
Net pension liability	2,197,052	-	640,540	1,556,512	-
Net OPEB liability	<u>97,258</u>	<u>27,383</u>	<u>-</u>	<u>124,641</u>	<u>-</u>
Total	<u>3,994,310</u>	<u>27,383</u>	<u>1,060,540</u>	<u>2,961,153</u>	<u>420,000</u>
Business type activities:					
Net pension liability	44,837	-	13,071	31,766	-
Net OPEB liability	<u>2,286</u>	<u>637</u>	<u>-</u>	<u>2,923</u>	<u>-</u>
Total	<u>47,123</u>	<u>637</u>	<u>13,071</u>	<u>34,689</u>	<u>-</u>

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

2012 Refunding Bond Issue				
Year Ended June 30,	Interest Rates	Principal \$	Interest \$	Total \$
2016	.90%	420,000	14,110	434,110
2017	1.10%	425,000	10,330	435,330
2018	1.30%	435,000	5,655	440,655
Total		1,280,000	30,095	1,310,095

Bond Refunding

On May 22, 2012, the District issued \$2,530,000 of general obligation refunding bonds with interest rates ranging from .40% to 1.30%. The District issued the bonds to refund \$2,480,000 of the outstanding 2005 general obligation refunding bonds with a 4.00% interest rate. The District used the net proceeds to call and pay the balance of the 2005 issue.

The refunding reduced total debt service payments over the next six years by \$225,263. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$218,478.

5. Pension Plan

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$248,328.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$1,588,278 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.040048 percent, which was an increase of 0.001002 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$115,070. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	17,262	-
Changes in assumptions	70,094	-
Net difference between projected and actual earnings on pension plan investments	-	605,724
Change in proportion and differences between District contributions and proportionate share of contributions	(16,294)	-
District contributions subsequent to the measurement date	248,328	-
Total	319,390	605,724

\$248,328 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	\$
2016	(134,828)
2017	(134,828)
2018	(134,828)
2019	(134,828)
2020	4,650
Total	(534,662)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected

future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
	%	
US Equity	23	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
	\$	\$	\$
District proportionate share of the net pension liability	3,001,007	1,588,278	395,789

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at www.ipers.org.

Payables to the Pension Plan. At June 30, 2015, the District reported payables to the defined benefit pension plan of \$22,533 for legally required employer contributions and \$15,014 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

6. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 44 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Seabury and Smith. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	37,378
Interest on net OPEB obligation	2,586
Adjustment to annual required contribution	(8,046)
Annual OPEB cost	31,918
Contributions made	3,898
Increase in net OPEB obligation	28,020
Net OPEB obligation beginning of year	99,544
Net OPEB obligation end of year	127,564

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$3,898 to the medical plan. Plan members eligible for benefits contributed \$27,857 or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost \$	Percentage of Annual OPEB Cost Contributed %	Net OPEB Obligation \$
2010	16,386	19%	13,289
2011	16,726	5%	29,113
2012	16,726	5%	44,937
2013	29,284	3%	73,425
2014	30,509	14%	99,544
2015	31,918	12%	127,564

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$145,371, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$145,371. The

covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,090,000, and the ratio of the UAAL to covered payroll was 7.0%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000.

The UAAL is being amortized over 30 years.

7. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$170,831 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

9. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
	\$
Limited English proficient	2,195
At risk	57,152
Returning dropout and dropout prevention program	65,840
Preschool	57,185
Gifted and talented	16,515
Teacher salary supplement	8,850
Home school assistance program	32,422
Mentoring	1,438
Early readers	21,087
Teacher leadership	3,276
Educator quality, professional development	8,572
Core curriculum	16,069
Market factor	1,647
	<u>292,248</u>

10. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state of local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
	\$	\$
Net position June 30, 2014, as previously reported	6,709,917	103,870
Net pension liability at June 30, 2014	(2,197,052)	(44,837)
Deferred outflows of resources	229,339	4,680
Related to contributions made after the June 30, 2013 measurement date		
Net position July 1, 2014, as restated	<u>4,742,204</u>	<u>63,713</u>

REQUIRED SUPPLEMENTARY INFORMATION

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original	Final	\$
Revenues:						
Local sources	3,354,063	120,441	3,474,504	3,713,859	3,713,859	(239,355)
State sources	2,489,244	2,264	2,491,508	2,167,807	2,167,807	323,701
Federal sources	149,482	158,574	308,056	251,595	251,595	56,461
Total revenues	<u>5,992,789</u>	<u>281,279</u>	<u>6,274,068</u>	<u>6,133,261</u>	<u>6,133,261</u>	<u>140,807</u>
Expenditures/Expenses:						
Instruction	3,308,245	-	3,308,245	3,750,750	3,750,750	442,505
Support services	1,422,890	-	1,422,890	1,657,000	1,657,000	234,110
Non-instructional programs	1,768	289,686	291,454	302,000	302,000	10,546
Other expenditures	755,222	-	755,222	1,099,779	1,099,779	344,557
Total expenditures/expenses	<u>5,488,125</u>	<u>289,686</u>	<u>5,777,811</u>	<u>6,809,529</u>	<u>6,809,529</u>	<u>1,031,718</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	504,664	(8,407)	496,257	(676,268)	(676,268)	1,172,525
Other financing sources (uses) net	<u>16,192</u>	<u>-</u>	<u>16,192</u>	<u>-</u>	<u>-</u>	<u>16,192</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	520,856	(8,407)	512,449	(676,268)	(676,268)	1,188,717
Balance beginning of year	<u>2,137,749</u>	<u>63,713</u>	<u>2,201,462</u>	<u>1,742,578</u>	<u>1,742,578</u>	<u>458,884</u>
Balance end of year	<u>2,658,605</u>	<u>55,306</u>	<u>2,713,911</u>	<u>1,066,310</u>	<u>1,066,310</u>	<u>1,647,601</u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend the budget.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.040048%
District's proportionate share of the net pension liability	1,588,278
District's covered-employee payroll	2,780,826
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.12%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Statutorily required contribution	248,328	234,019	222,029	221,875	182,798	174,312	163,664	157,547	143,407	139,715
Contributions in relation to the statutorily required contribution	<u>248,328</u>	<u>234,019</u>	<u>222,029</u>	<u>221,875</u>	<u>182,798</u>	<u>174,312</u>	<u>163,664</u>	<u>157,547</u>	<u>143,407</u>	<u>139,715</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	2,780,826	2,620,588	2,560,886	2,749,383	2,630,191	2,621,233	2,705,187	2,604,083	2,494,035	2,429,826
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.05%	6.05%	5.75%	5.75%

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.
- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75% percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	119,273	119,273	0.0%	1,480,000	8.1%
2011	July 1, 2009	-	119,453	119,453	0.0%	1,740,000	6.9%
2012	July 1, 2009	-	119,453	119,453	0.0%	1,920,000	6.2%
2013	July 1, 2012	-	158,814	158,814	0.0%	1,600,000	9.9%
2014	July 1, 2012	-	154,801	154,801	0.0%	1,740,000	8.9%
2015	July 1, 2012	-	145,371	145,371	0.0%	2,090,000	7.0%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue Funds		Total
	Management	Student	
	Levy	Activity	
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash, cash equivalents and pooled investments	406,316	43,625	449,941
Receivables:			
Property tax:			
Delinquent	3,715	-	3,715
Succeeding year	300,000	-	300,000
	<u>710,031</u>	<u>43,625</u>	<u>753,656</u>
Total assets	<u>710,031</u>	<u>43,625</u>	<u>753,656</u>
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities:			
Accounts payable	-	4,049	4,049
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	300,000	-	300,000
Fund balances:			
Restricted for:			
Management levy	410,031	-	410,031
Student activities	-	39,576	39,576
Total fund balances	410,031	39,576	449,607
	<u>710,031</u>	<u>43,625</u>	<u>753,656</u>
Total liabilities, deferred inflows of resources and fund balances	<u>710,031</u>	<u>43,625</u>	<u>753,656</u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue Funds		
	Management	Student	
	Levy	Activity	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	293,225	-	293,225
Other	7,169	103,493	110,662
State sources	139	-	139
Total revenues	<u>300,533</u>	<u>103,493</u>	<u>404,026</u>
Expenditures:			
Current:			
Instruction:			
Other	-	108,130	108,130
Support services:			
Administration	-	150	150
Operation and maintenance of plant	71,376	-	71,376
Transportation	11,172	-	11,172
Total expenditures	<u>82,548</u>	<u>108,280</u>	<u>190,828</u>
Change in fund balances	217,985	(4,787)	213,198
Fund balances beginning of year	<u>192,046</u>	<u>44,363</u>	<u>236,409</u>
Fund balances end of year	<u><u>410,031</u></u>	<u><u>39,576</u></u>	<u><u>449,607</u></u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

Assets	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	1,027,989	36,271	1,064,260
Receivables:			
Property tax:			
Delinquent	-	820	820
Succeeding year	-	64,690	64,690
Due from other governments	62,075	-	62,075
Total assets	1,090,064	101,781	1,191,845
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities	-	-	-
Deferred inflows of resources:			
Succeeding year property tax	-	64,690	64,690
Fund balances:			
Restricted for:			
School infrastructure	1,090,064	-	1,090,064
Physical plant and equipment	-	37,091	37,091
Total fund balances	1,090,064	37,091	1,127,155
Total liabilities, deferred inflows of resources and fund balances	1,090,064	101,781	1,191,845

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	63,236	63,236
Other	54	191	245
State sources	400,409	31	400,440
Total revenues	<u>400,463</u>	<u>63,458</u>	<u>463,921</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	-	1,046	1,046
Other expenditures:			
Facilities acquisition	68,309	78,532	146,841
Total expenditures	<u>68,309</u>	<u>79,578</u>	<u>147,887</u>
Change in fund balance	332,154	(16,120)	316,034
Fund balances beginning of year	<u>757,910</u>	<u>53,211</u>	<u>811,121</u>
Fund balance end of year	<u><u>1,090,064</u></u>	<u><u>37,091</u></u>	<u><u>1,127,155</u></u>

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-Fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
Activities general reserve	-	6,732	-	-	6,732
Interest	702	102	149	(110)	545
Cheerleaders	726	974	1,159	-	541
MS the loft	142	-	-	-	142
MS renaissance	312	-	244	-	68
MS student council	6,688	6,845	4,553	(3,704)	5,276
Yearbook	6,379	7,468	8,478	-	5,369
HS play	3,469	2,349	2,863	-	2,955
HS athletics	2,739	40,319	51,638	8,580	-
Speech and drama club	826	4,184	1,408	-	3,602
Chess club	100	-	-	(100)	-
Drill team	2,713	4,875	5,155	-	2,433
MS concessions	-	-	319	319	-
Library bookfair	-	-	110	110	-
Wolverine's den	258	-	-	-	258
HS renaissance	425	868	1,002	-	291
FFA	144	-	100	(44)	-
FCLLA	2,321	1,374	875	-	2,820
Music fundraiser	1,108	-	-	-	1,108
Art club	1,126	1,352	1,400	-	1,078
Spanish club	128	794	793	-	129
Quiz bowl club	95	-	-	(95)	-
Industrial arts club	176	-	-	(176)	-
Physics club	-	2,480	1,953	(527)	-
Scholarship banquet fund	176	-	142	-	34
Fundraiser DC trip	612	-	-	-	612
Class of 2008	815	-	-	(815)	-
Class of 2012	294	-	-	(294)	-
Class of 2014	264	-	-	(264)	-
Class of 2016	710	-	400	-	310
Class of 2017	18	-	6,339	6,750	429
National Honor Society	819	1,130	630	-	1,319
HS student council	6,630	3,756	3,713	(3,366)	3,307
HS concessions	5,864	17,891	14,857	(8,680)	218
Ending accrual	(2,416)	-	-	2,416	-
Total	44,363	103,493	108,280	-	39,576

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	2,727,391	2,635,397	2,528,196	2,735,807	2,613,481	2,526,459	2,417,583	2,265,958	2,278,570	2,227,034
Tuition	381,420	313,570	215,961	254,396	204,309	254,721	177,722	223,539	301,341	246,451
Other	245,252	273,141	313,098	201,857	247,344	174,842	179,499	354,908	427,305	278,939
State sources	2,489,244	2,532,539	2,358,846	2,118,362	2,122,338	1,857,266	2,184,403	2,232,509	2,192,651	2,132,425
Federal sources	149,482	144,290	152,143	202,180	358,152	493,993	160,488	176,490	196,345	302,767
Total revenues	<u>5,992,789</u>	<u>5,898,937</u>	<u>5,568,244</u>	<u>5,512,602</u>	<u>5,545,624</u>	<u>5,307,281</u>	<u>5,119,695</u>	<u>5,253,404</u>	<u>5,396,212</u>	<u>5,187,616</u>
Expenditures:										
Instruction:										
Regular instruction	2,091,579	2,218,748	2,284,919	2,159,338	2,205,906	2,108,279	2,037,216	1,944,412	1,920,175	1,769,689
Special instruction	666,167	544,138	498,899	466,636	424,155	454,213	421,213	510,303	446,991	427,012
Other instruction	550,499	580,021	473,778	511,861	455,672	476,414	418,006	408,715	369,982	403,151
Support services:										
Student services	97,445	92,619	91,059	87,932	79,222	58,355	98,241	102,426	96,769	97,475
Instructional staff services	133,549	132,745	99,868	104,098	125,939	117,119	153,551	124,290	140,435	116,141
Administration services	502,306	506,599	526,979	583,989	511,631	522,926	495,412	466,908	484,887	485,354
Operation and maintenance	449,499	391,376	397,421	385,732	383,344	473,878	406,890	405,727	391,297	384,718
Transportation services	240,091	288,360	328,771	228,035	383,032	206,337	191,478	248,339	306,551	261,357
Non-instructional programs	1,768	4	1,079	1,207	-	6,391	-	-	-	4,082
Other expenditures:										
Facilities acquisition	146,841	210,638	84,395	155,851	193,387	715,152	437,426	351,988	119,938	128,434
Long-term debt:										
Principal	419,000	415,000	415,000	2,835,000	345,000	330,000	320,000	4,100,000	275,000	265,000
Interest and other charges	18,550	20,625	21,820	113,400	127,650	140,800	153,600	349,060	361,648	363,776
AEA flowthrough	170,831	168,691	162,412	164,059	184,215	183,449	161,318	157,847	155,881	149,751
Total expenditures	<u>5,488,125</u>	<u>5,569,564</u>	<u>5,386,400</u>	<u>7,797,138</u>	<u>5,419,153</u>	<u>5,793,313</u>	<u>5,294,351</u>	<u>9,170,015</u>	<u>5,069,554</u>	<u>4,855,940</u>

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Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
River Valley Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of River Valley Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered River Valley Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of River Valley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of River Valley Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 15-I-A and 15-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether River Valley Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

River Valley Community School District's Responses to the Findings

River Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. River Valley Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of River Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

May 2, 2016

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

Internal control deficiencies:

- 15-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, payroll processing, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

- 15-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

- 15-II-A Certified Budget: Expenditures for the year ended June 30, 2015, did not exceed the amount budgeted.
- 15-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 15-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 15-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.
- 15-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 15-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 15-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 15-II-H Supplementary Weighting: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 15-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 15-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.
- 15-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 15-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

RIVER VALLEY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting (continued):

	\$	\$
Beginning balance		757,910
Revenues/transfers in:		
Statewide sales, services and use tax revenue	400,409	
Interest	<u>54</u>	400,463
Expenditures/transfers out:		
Equipment	<u></u>	<u>68,309</u>
Ending balance		<u>1,090,064</u>

For the year ended June 30, 2015, the District did not reduce the Debt service levy as a result of the moneys received under Chapter 423E of 423F of the Code of Iowa.